

Clean Energy Fund 5 Rural Clean Energy Program Summary

PROGRAM DESCRIPTION

The Department of Commerce will accept grant applications for the Clean Energy Fund 5 (CEF5) Rural Clean Energy Grants program from entities that own, operate, and/or service anaerobic digesters located at dairies, as well as entities in rural and tribal communities seeking funds for clean energy projects.

PROVISO SUMMARY

This program is part of the broader CEF5 Rural Clean Energy Program and appears in [sub section \(b\) 14 of 1064 of the Chapter 332, Laws of 2021 \(the 2021-23 biennial Capital Budget\)](#). The Legislature allocated \$4.9 million toward a rural energy work group and a new rural clean energy grant program. Building on previous CEF bioenergy and dairy digester programs, this grant program includes specific funding for dairy digester bioenergy grants, rural clean energy innovation grants, and tribal grants. The amount available to be awarded totals \$4.6 million after the deduction of the 3% administrative costs. Additional funds could be available through other sources, including but not limited to future funding authorized by the Legislature.

There will be one round of funding tentatively set to open for competition in winter 2022.

PROGRAM DESIGN

The grant program will be divided into three tracks to accomplish the broad goals set forth by the Legislature and to address different applicants and project types.

Track 1: Dairy Digester Bioenergy Projects: Funding for projects that enhance the viability of dairy digester bioenergy projects. This includes nutrient management systems that produce renewable natural gas and value-added biofertilizers, generate electricity and heat, reduce greenhouse gas emissions, and improve air and water quality and soil health.

Eligible Applicants	Funding Available	Match	
Applicants that own, operate and/or service anaerobic digesters located at dairies	\$1,843,000 (At least 40% of the overall funds)	Non-profits; local governments; small utilities; vulnerable communities; and small farmers	1:5 (\$1 of match for every \$5 from Commerce)
		Private sector applicants, all other applicants not listed above	1:1 (\$1 of match for every \$1 from Commerce)

Track 2: Rural Clean Energy Innovation Projects: Funding for clean energy innovation projects in rural communities. This can include, but is not limited to, the following types of projects: organic waste management, biological carbon sequestration, renewable energy, and resilience. The CEF team might select a sub-set of technologies mentioned in the proviso based on alignment with the [2021 State Energy Strategy](#) and intersection with other Commerce grant programs, as well as recommendations from the work group and public comments. A list of eligible technologies and/or example projects will be provided in the Request for Applications (RFA) and is listed under minimum qualifications.

- Desired outcomes include increasing clean energy investments in rural communities, fostering local rural economic development and capacity building, and reducing energy costs and harmful air emissions for vulnerable communities and tribes. Additional goals include increasing reliable and affordable rural clean energy supply, and supporting community resilience.
- Eligible proposals can include predevelopment, research and development, pilot projects, strategic implementation, field trials, data dashboards, and tools to inform rural project development.

Eligible Applicants	Funding Available	Match	
Entities located in a rural area with projects that primarily serve a rural community	\$1,843,000 (Up to 40% of the overall funds)	Non-profits; local governments; small utilities; vulnerable communities; and small farmers	1:5 (\$1 of match for every \$5 from Commerce)
		Private sector applicants, all other applicants not listed above	1:1 (\$1 of match for every \$1 from Commerce)

Track 3: Tribal Projects: Funding for tribal dairy digester energy projects or clean energy innovation projects in rural tribal communities. This opportunity is exclusive to tribes including tribal governments, tribal designated subdivisions, and tribal agencies. Tribes can submit proposals for any technologies listed under Track 1 and Track 2. If there are more tribal projects that exceed the funding available for this track, the projects will compete against Track 1 and Track 2 projects. In all tracks, applicants are encouraged to partner with tribes.

Eligible Applicants	Funding Available	Match
<ul style="list-style-type: none"> Tribes (tribal governments, designated subdivisions and agencies) For rural projects, tribes located in a rural area with projects that primarily serve a rural community¹ 	\$921,500 (Up to 20% of the overall funds)	1:10 (\$1 of match for every \$10 from Commerce)

STATE POLICY GOALS, AND EQUITY AND ENVIRONMENTAL JUSTICE

In order to align with state clean energy policy goals and the overarching priorities of CEF5, this solicitation can prioritize projects that:

- Build on Washington’s existing strengths in communities, maritime, information and communications technology, grid modernization, advanced materials, and decarbonizing the built environment.
- Provide direct benefits to rural communities, vulnerable communities and/or tribes, including but not limited to, increasing health benefits, reducing energy burden, fostering economic development, increasing clean energy access and local energy resilience, and increasing water and air quality. Applicants should attempt to involve and/or collaborate with rural, vulnerable, and/or tribal communities to identify benefits specific to those communities.
- Result in geographic diversity of clean energy technologies. Commerce reserves the right to prioritize projects and make award recommendations that increase geographic diversity of clean energy projects.
- Establish:
 - Local, rural workforce development, apprenticeship and/or training opportunities.
 - Partnerships, formal advisory roles or collaboration among local community partners including local governments, tribes, universities, state agencies, and community organizations serving rural or vulnerable communities.

To the extent possible, the program will be designed using an equity and environmental justice lens to ensure clean energy investments benefit tribes and communities with high environmental or energy burdens. Important program design priorities include, but are not limited to:

- Applicants that have not previously received CEF grants.
- Projects that increase tribal energy sovereignty and/or climate resilience for tribes.
- Projects that result in tribal ownership of the asset.
- Reduced match for under-resourced communities (see chart in “Program Design”).
- Stakeholder and tribal engagement, including public meetings and tribal listening session.
- Potential translation of written program documents.

¹Tribal applicants may not be required to meet the criteria in this definition. We are seeking feedback on an appropriate definition for tribes.

MINIMUM QUALIFICATIONS

	Track		
	(1) Dairy Digester	(2) Rural Clean Energy Innovation	(3) Tribal
Eligible Applicants	Applicants that own, operate and/or service anaerobic digesters located at dairies	Entities located in a rural area with projects that primarily serve a rural community	Tribes (tribal governments, designated subdivisions, and agencies) For rural projects, tribes located in a rural area with projects that primarily serve a rural community ²
Eligible Projects	<ul style="list-style-type: none"> • Feedstocks: sourcing, handling, pre-treatment • Operations: energy efficiency, digester function, biogas conditioning • Co-products: marketing of energy products, nutrients, and/or fiber • Will result in a capital asset with a lifespan of a minimum of 13 years 	<ul style="list-style-type: none"> • Eligible proposals must support Washington state clean energy policies and goals • Capital asset lifespan requirements will be reduced for data dashboard projects. Other projects will be evaluated on a case-by-case basis. • A list of eligible technologies will be included in the RFA 	Any projects in track 1 & 2
Eligible Activities	Can include, but not limited to, field trials, research and development, and pilot projects	Can include, but not limited to, field trials, research and development, strategic implementation, data dashboards, tools to inform rural development, and pilot projects	Any activities in 1 & 2
Ineligible Activities	Digester repair, predevelopment, data dashboards, tools to inform rural development, and basic scientific research	<ul style="list-style-type: none"> • Coal, oil, natural gas, or projects in which the primary focus involves these fossil fuels • Basic scientific research • Nuclear 	Ineligible activities in 1 & 2

² Tribal applicants will not be required to meet the criteria in this definition. We are seeking feedback on an appropriate definition for tribes.

ELIGIBLE TECHNOLOGIES

A comprehensive list of eligible technologies and/or project types may be provided in the RFA.

Technology*	Limitations
Beneficial electrification	TBD
Biological carbon sequestration	TBD
Energy storage	All energy storage technologies are eligible. Applicants eligible under the Solar + storage program are encouraged to apply under that program rather than the rural program.
Organic waste management	TBD
Projects to enhance resilience	TBD
Renewable energy	This solicitation will prioritize the following renewable technologies: water; wind; geothermal energy; landfill gas; hydrokinetic (wave, ocean, or tidal power); gas from sewage treatment facilities; biodiesel that is not derived from crops raised on land cleared from old growth or first-growth forests where the clearing occurred after December 7, 2006; biomass energy Solar + storage projects will receive a lower priority than the above-mentioned technologies if they are submitted by applicants eligible under the Solar + Storage program.

*See "Definitions" for descriptions of each technology

EVALUATION

Points will vary by track due to differences in prioritization criteria.

Criteria	Relative weight
Equity/Partnerships/Environmental and Community Benefits	30%
Technical and Budget	50%
Team Qualifications	20%

KEY DATES

Milestone	*Estimated Date
RFA and application released	December 16, 2022
Pre-Applicant Conference	December 20, 2022
Letter of Intent	January 16, 2022
Application closes	February 28, 2023
Award notifications	May 31, 2023

*DEFINITIONS

- **Beneficial electrification:** Replacing direct fossil fuel use (e.g., propane, heating oil, gasoline) with electricity in a way that reduces overall emissions and energy costs. [Beneficial Electrification | EESI](#)
- **Carbon sequestration:** The process of capturing and storing atmospheric carbon dioxide through biologic, chemical, geologic, or physical processes. [RCW 70A.45.010: Definitions. \(wa.gov\)](#)[RCW 70A.45.010: Definitions](#)
- **Demand response:** Changes in electric usage by demand-side resources from their normal consumption patterns in response to changes in the price of electricity, or to incentive payments designed to induce lower electricity use, at times of high wholesale market prices or when system reliability is jeopardized. "Demand response" may include measures to increase or decrease electricity production on the customer's side of the meter in response to incentive payments. [RCW 19.405.020: Definitions. \(wa.gov\)](#)[RCW 19.405.020: Definitions](#)
- **Federally recognized tribal government:** The government of any federally recognized Indian tribe whose traditional lands and territories included parts of Washington, designated subdivisions and agencies (such as a Tribal Housing

Authority), or any other entities or authorities of a federally recognized tribal government in corporate form or otherwise.

- **Organic waste management:** Food waste, food processing waste, yard debris, wood waste, and food-soiled compostable paper waste. [5286.pdf \(wa.gov\)](#)[Senate Bill 5286](#)
- **Renewable energy:** (a) Water; (b) wind; (c) solar energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or tidal power; (g) gas from sewage treatment facilities; (h) biodiesel fuel that is not derived from crops raised on land cleared from old growth or first-growth forests where the clearing occurred after December 7, 2006; or (i) biomass energy. [RCW 19.285.030: Definitions. \(wa.gov\)](#)[RCW 19.285.030: Definitions](#)
- **Resilience:** The ability of communities to positively adapt to challenging conditions and achieve a high quality of life, including, enduring cultural networks, economic vitality, durable infrastructure systems, and sustainable management of resources for present and future generations.
- **Rural:** Rural areas are any areas other than: (1) A city or town that has a population of greater than 50,000 inhabitants; and (2) The urbanized area contiguous and adjacent to such a city or town, as defined by the U.S. Bureau of the Census using the latest decennial census of the United States, as defined by the USDA Rural Development Rural Energy for America and Rural Energy Pilot program. [Eligibility \(usda.gov\)](#)[Eligibility \(USDA\)](#).³
- **Small farm:** Operation with gross cash farm income under \$250,000. Within that group are commercial and noncommercial farms [Small Farms, Big Differences | USDA](#)[Small Farms, Big Differences \(USDA\)](#)
- **Small retail electric utility:** Any consumer-owned utility with 25,000 or fewer electric meters in service, or that has an average of seven or fewer customers per mile of distribution line. [RCW 19.29A.010: Definitions. \(wa.gov\)](#)[RCW 19.29A.010: Definitions](#)
- **Vulnerable communities:** Population groups that are more likely to be at higher risk for poor health outcomes in response to environmental harms, including but not limited to racial or ethnic minorities, low-income populations, populations disproportionately impacted by environmental harms and populations of workers experiencing environmental harms.

CONTACT INFORMATION

CEF@commerce.wa.gov

³Tribal applicants may not be required to meet the criteria in this definition. We are seeking feedback on an appropriate definition for tribes.